

STATE OF LOUISIANA

DEPARTMENT OF ENVIRONMENTAL QUALITY

IN THE MATTER OF:

**MAGNOLIA MIDSTREAM GAS
SERVICES, L.L.C.
AI # 135123, 160273, 163543 AND 168366**

**PROCEEDINGS UNDER THE LOUISIANA
ENVIRONMENTAL QUALITY ACT
LA. R.S. 30:2001, ET SEQ.**

* **Settlement Tracking No.**
* **SA-AE-12-0075**
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* **Enforcement Tracking No.**
* **AE-PP-11-00700**
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SETTLEMENT

The following Settlement is hereby agreed to between Magnolia Midstream Gas Services, L.L.C. ("Respondent") and the Department of Environmental Quality ("DEQ" or "the Department"), under authority granted by the Louisiana Environmental Quality Act, La. R.S. 30:2001, et seq. ("the Act").

I

Respondent is a Limited Liability Company that owns and/or operates natural gas gathering facilities located in Caddo Parish and DeSoto Parish, Louisiana ("the Facility" or "the Facilities").

II

On October 10, 2011, the Department issued to Respondent a Notice of Potential Penalty, Enforcement No. AE-PP-11-0700, which was based upon the following findings of fact:

On or about August 15, 2011, file reviews of multiple facilities owned and/or operated by Magnolia Midstream Gas Services, L.L.C. (Respondent), were performed to determine the degree of compliance with the Louisiana Environmental Quality Act (the Act) and the Air Quality Regulations.

The facilities and their corresponding locations are listed below:

Facility	AI No.	Location
Spring Ridge North Central Facility	135123	Off Cedar Hill Road, 2.7 miles east north east of Spring Ridge in Caddo Parish, Louisiana
Broadstar CDP Facility	160273	Locke Road, 1.1 miles from Johns Gin Road in Shreveport, Caddo Parish, Louisiana
Spring Ridge South Central Facility	163543	1.6 miles north on Louisiana Highway 789 in Keatchie, DeSoto Parish, Louisiana
Pines Compressor Facility	168366	2.6 miles northeast of Keatchie in DeSoto Parish, Louisiana

The following violations were noted during the course of the file reviews:

- A. According to the Name/Ownership/Operator Change Forms (NOC-1 Form) dated March 22, 2011, and March 25, 2011, the Respondent became the owner and/or operator of the following facilities on December 22, 2010. The permit transfer date was April 25, 2011, for the following facilities.

AI Number	Facility Name	Permit Number
135123	Spring Ridge North Central Facility	0500-00185-05
160273	Broadstar CDP Facility	0500-00275-00
163543	Spring Ridge South Central Facility	0760-01063-03
168366	Pines Compression Facility	0760-01202-01

Each incident of the Respondent's failure to submit a complete NOC-1 form to the Department within 45 days after the ownership change is a violation of LAC 33:I.1905.A, LAC 33:III.517.G and La. R.S. 30:2057(A)(2).

- B. According to the NOC-1 Forms dated March 22, 2011, and March 25, 2011, the Respondent became the owner and/or operator of the following facilities on December 22, 2010. The permit transfer date was April 25, 2011, for the following facilities.

AI Number	Facility Name	Permit Number
135123	Spring Ridge North Central Facility	0500-00185-05
160273	Broadstar CDP Facility	0500-00275-00
163543	Spring Ridge South Central Facility	0760-01063-03
168366	Pines Compressor Facility	0760-01202-01

The unauthorized operation of each facility during the time period of December 22, 2010, and April 25, 2011, is a violation of LAC 33:III.501.C.2 and La. R.S. 30:2057(A)(1) and 30:2057(A)(2).

III

Respondent denies it committed any violations or that it is liable for any fines, forfeitures and/or penalties.

IV

Nonetheless, Respondent, without making any admission of liability under state or federal statute or regulation, agrees to pay, and the Department agrees to accept, a payment in the amount of TWO THOUSAND FOUR HUNDRED AND NO/100 DOLLARS (\$2,400.00), of which Four Hundred Seventeen and 40/100 Dollars (\$417.40) represents the Department's enforcement costs, in settlement of the claims set forth in this agreement.

V

Respondent further agrees that the Department may consider the inspection report(s)/permit record(s), the Notice of Potential Penalty and this Settlement for the purpose of determining compliance history in connection with any future enforcement or permitting action by the Department against Respondent, and in any such action Respondent shall be estopped from objecting to the above-referenced documents being considered as proving the violations alleged herein for the sole purpose of determining Respondent's compliance history.

VI

This agreement shall be considered a final order of the Secretary for all purposes, including, but not limited to, enforcement under La. R.S. 30:2025(G)(2), and Respondent hereby waives any right to administrative or judicial review of the terms of this agreement, except such review as may

be required for interpretation of this agreement in any action by the Department to enforce this agreement.

VII

This settlement is being made in the interest of settling the state's claims and avoiding for both parties the expense and effort involved in litigation or an adjudicatory hearing. In agreeing to the compromise and settlement, the Department considered the factors for issuing civil penalties set forth in La. R. S. 30:2025(E) of the Act.

VIII

The Respondent has caused a public notice advertisement to be placed in the official journal of the parish governing authority in Caddo Parish and DeSoto Parish, Louisiana. The advertisement, in form, wording, and size approved by the Department, announced the availability of this settlement for public view and comment and the opportunity for a public hearing. Respondent has submitted an original proof-of-publication affidavit and an original public notice to the Department and, as of the date this Settlement is executed on behalf of the Department, more than forty-five (45) days have elapsed since publication of the notice.

IX

Payment is to be made within thirty (30) days from notice of the Secretary's signature. If payment is not received within that time, this Agreement is voidable at the option of the Department. Payments are to be made by check, payable to the Department of Environmental Quality, and mailed or delivered to the attention of Accountant Administrator, Financial Services Division, Department of Environmental Quality, Post Office Box 4303, Baton Rouge, Louisiana, 70821-4303. Each payment shall be accompanied by a completed Settlement Payment Form (Exhibit A).

X

In consideration of the above, any claims for penalties are hereby compromised and settled in accordance with the terms of this Settlement.

XI

Each undersigned representative of the parties certifies that he or she is fully authorized to execute this Settlement Agreement on behalf of his or her respective party, and to legally bind such party to its terms and conditions.

MAGNOLIA MIDSTREAM GAS SERVICES, L.L.C.

BY: _____
(Signature)

(Printed)

TITLE: _____

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at _____.

NOTARY PUBLIC (ID # _____)

(stamped or printed)

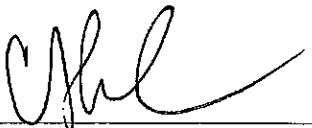
**LOUISIANA DEPARTMENT OF
ENVIRONMENTAL QUALITY**
Peggy M. Hatch Secretary

BY: _____
Cheryl Sonnier Nolan, Assistant Secretary
Office of Environmental Compliance

THUS DONE AND SIGNED in duplicate original before me this _____ day of _____, 20 _____, at Baton Rouge, Louisiana.

NOTARY PUBLIC (ID # _____)

(stamped or printed)

Approved:  _____
Cheryl Sonnier Nolan, Assistant Secretary